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TONKON TORP LLP

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Portland, OR 97204

Attorneys for Debtor

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re

HemCon Medical Technologies, Inc.,

Debtor.

Case No. 12-32652-elp11

**DEBTOR'S AMENDED
APPLICATION FOR ORDER TO
EMPLOY TONKON TORP LLP AS
ATTORNEYS FOR DEBTOR, NUNC
PRO TUNC**

HemCon Medical Technologies, Inc., Debtor and Debtor-in-Possession herein ("Debtor"), hereby applies to the Court for an order approving the employment of Tonkon Torp LLP ("Tonkon Torp") as Chapter 11 counsel for Debtor *nunc pro tunc* to April 10, 2012. Debtor makes this Application pursuant to 11 U.S.C. § 327, and Federal Rule of Bankruptcy Procedure 2014, and respectfully represents as follows.

BACKGROUND

1. On April 10, 2012 (the "Petition Date"), Debtor filed its voluntary petition for relief under Chapter 11 of Title 11 of the United States Code.
2. Debtor has continued in possession of its property and is continuing to

1 operate and manage its business as a debtor and debtor-in-possession pursuant to
2 Sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been
3 requested or appointed in Debtor's case.

4 3. Debtor has provided notice of this Application to its secured creditors,
5 the unsecured creditors committee appointed on April 18, 2012, and the Office of the United
6 States Trustee. Because of the nature of the relief requested, Debtor respectfully submits that
7 no further notice of the relief requested is necessary or required under the circumstances.

8 4. Debtor founded in 2001, develops, manufactures and markets
9 innovative technologies that control bleeding resulting from trauma or surgery. Debtor
10 products are designed for use by military and civilian first responders as well as medical
11 professionals in hospital, dental and clinical settings where rapid control of bleeding is of
12 critical importance. Debtor is headquartered in Portland, Oregon. Debtor also has two
13 wholly owned subsidiaries: HemCon Life Sciences, Inc., which holds certain rights to
14 intellectual property; and Castlerise Investments Limited, which in turn wholly owns
15 HemCon Medical Technologies Europe Limited, which owns and markets an infection
16 control product.

17 5. Debtor desires to retain and employ Tonkon Torp as counsel in this
18 Chapter 11 case, pursuant to Section 327 of the Code, to represent Debtor in all aspects of his
19 reorganization, on the terms and subject to the conditions described below.

20 6. Debtor believes Tonkon Torp is well suited for this representation.
21 Tonkon Torp has experience in all aspects of the law that may arise in this Chapter 11 case.
22 In particular, Tonkon Torp has substantial bankruptcy and restructuring, corporate, finance,
23 litigation, real estate, land use, regulatory, labor and tax expertise.

24 7. Debtor has asked Tonkon Torp to advise it on its debt restructuring
25 and to render general legal services to Debtor as needed throughout the course of this
26 Chapter 11 case, including bankruptcy and restructuring, corporate, environmental, finance,

1 litigation, real estate, land use, regulatory, securities, and labor and tax assistance and advice.
2 Debtor is informed that Albert N. Kennedy, the attorney at Tonkon Torp primarily involved
3 in this Chapter 11 case, is admitted to practice before this Court and that they have read
4 Local Bankruptcy Rule 2016.

5 8. The services to be performed by Tonkon Torp are necessary in order
6 for Debtor to perform its duties as debtor-in-possession. Subject to the control of and further
7 order of the Court, Tonkon Torp intends to render the following services to Debtor:

8 a. Advise Debtor of its rights, powers and duties as a debtor and
9 debtor-in-possession continuing to operate and manage its business and property under
10 Chapter 11 of the Code;

11 b. Take all actions necessary to protect and preserve Debtor's
12 bankruptcy estate, including the prosecution of actions on Debtor's behalf, the defense of any
13 action commenced against Debtor, negotiations concerning all litigation in which Debtor is
14 involved, objections to claims filed against Debtor in this bankruptcy case, and the
15 compromise or settlement of claims;

16 c. Advise Debtor concerning, and prepare on behalf of Debtor, all
17 necessary applications, motions, memoranda, responses, complaints, answers, orders, notices,
18 reports and other papers, and review all financial and other reports required from Debtor as
19 debtor-in-possession in connection with administration of this Chapter 11 case;

20 d. Advise Debtor with respect to, and assist in the negotiation and
21 documentation of, financing agreements, debt and cash collateral orders, and related
22 transactions;

23 e. Review the nature and validity of any liens asserted against
24 Debtor's property and advise Debtor concerning the enforceability of such liens;

25 f. Advise Debtor regarding (a) its ability to initiate actions to
26 collect and recover property for the benefit of his estate; (b) any potential property

dispositions; and (c) executory contract and unexpired lease assumptions, assignments and rejections, and lease restructuring and recharacterizations;

g. Negotiate with creditors concerning a plan of reorganization; prepare the plan of reorganization, disclosure statement and related documents; take the steps necessary to confirm and implement the plan of reorganization, including, if needed, negotiations for financing the plan; and

h. Provide such other legal advice or services as may be required in connection with this Chapter 11 case or the general operation and management of Debtor's business.

9. Subject to Court approval, Debtor has agreed to compensate Tonkon Torp on an hourly basis in accordance with Tonkon Torp's ordinary and customary hourly rates in effect on the date services are rendered. The Tonkon Torp professionals who will be primarily responsible for providing these services, their status and their billing rates are as follows:

<u>Attorney Name</u>	<u>Status</u>	<u>Hourly Rate</u>
Albert N. Kennedy	Partner	\$475.00
Michael W. Fletcher	Partner	\$350.00
Spencer Fisher	Paralegal	\$125.00
Leslie Hurd	Legal Asst/Paralegal	\$ 90.00

10. From time to time, other Tonkon Torp attorneys and paralegals may also render services to Debtor in order to take advantage of specialized skills or expertise, to meet the demands of the case schedule, or for other appropriate reasons. Debtor has agreed that Tonkon Torp will also be compensated for the services of these professionals at their usual and customary hourly rates.

11. Tonkon Torp will maintain detailed, contemporaneous time records of expenses incurred with the rendering of legal services described above by category and

1 nature of services rendered.

2 12. In the twelve months preceding Petition Date, Tonkon Torp received
3 retainers on behalf of Debtor in the total amount of \$55,000. Prior to the filing of the
4 bankruptcy petition, Tonkon Torp applied a portion of that retainer for prepetition services
5 rendered prior to the Petition Date and the Chapter 11 filing fee as disclosed on the attached
6 Rule 2014 Verified Statement for Proposed Professional. The remaining balance of
7 \$34,994.50 is held as a retainer.

8 13. Within the 12-month period preceding the Petition, Tonkon Torp
9 provided legal services to Debtor. The total cost of legal services prior to the filing of the
10 Petition, and payments for those services, are disclosed on the attached Rule 2014 Verified
11 Statement for Proposed Professional.

12 14. Debtor agrees and understands that Tonkon Torp has reserved the right
13 to withdraw as counsel to Debtor, and Debtor hereby consents to such a withdrawal, in the
14 event it becomes apparent Tonkon Torp will not be paid for its services. Debtor also
15 recognizes that professional fees and costs incurred by Tonkon Torp are subject to approval
16 by the Court after review of fee applications filed by Tonkon Torp.

17 15. To the best of Debtor's knowledge, the partners and associates of
18 Tonkon Torp do not have any connection with Debtor, his creditors, any other party in
19 interest, or their respective attorneys or accountants, except as stated in the Rule 2014
20 Verified Statement of Proposed Professional.

21 16. A proposed Order Authorizing Employment of Tonkon Torp LLP as
22 Attorneys for Debtor is attached as Exhibit 1.

23 For the reasons stated in this Application, Debtor requests that the Court enter
24 an order, effective as of the Petition Date, authorizing it to employ Tonkon Torp to represent
25 Debtor in this Chapter 11 case as its attorneys herein to render legal services as described
26 above, with compensation and reimbursement of expenses to be paid as an administrative

1 expense in such amounts as may
2 be allowed by this Court after notice and hearing pursuant to Section 330 of the Bankruptcy
3 Code or as otherwise provided by Court order.

4 DATED: April 24, 2012.

5 Respectfully submitted,

6 HEMCON MEDICAL TECHNOLOGIES, INC.

7 By /s/ Nick Hart

8 Nick Hart
Debtor

9 Presented by:

10 TONKON TORP LLP

11
12 By /s/ Albert N. Kennedy

13 Albert N. Kennedy, OSB No. 821429
Michael W. Fletcher, OSB No. 010448
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17 Attorneys for Debtor
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EXHIBIT 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF OREGON

In re

HemCon Medical Technologies, Inc.
Debtor.

Case No. 12-32652-elp11

**ORDER AUTHORIZING
EMPLOYMENT OF TONKON TORP
LLP AS ATTORNEYS FOR DEBTOR**

THIS MATTER having come before the Court for a hearing on the application of HemCon Medical Technologies, Inc., Debtor and Debtor-in-Possession ("Debtor"), for an Order to Employ Tonkon Torp LLP as Attorneys for Debtor; the Court having reviewed the Application and accompanying statement, and being otherwise duly advised; now, therefore,

IT IS HEREBY ORDERED that Debtor be and hereby is authorized to employ the law firm of Tonkon Torp LLP as general counsel in all matters arising in or related to this

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proceeding as of the Petition Date, and is further authorized to pay said attorneys a reasonable fee for their services upon application and order of the Court, pursuant to 11 U.S.C. § 330.

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Presented by:

TONKON TORP LLP

By _____
Albert N. Kennedy, OSB No. 821429
Michael W. Fletcher, OSB No. 010448
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Portland, OR 97204-2099
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Attorney for Debtor

cc: List of Interested Parties

CERTIFICATE OF SERVICE

I hereby certify that I served the foregoing **DEBTOR'S AMENDED APPLICATION FOR ORDER TO EMPLOY TONKON TORP LLP AS ATTORNEYS FOR DEBTOR** on the parties indicated as "ECF" on the attached List of Interested Parties by electronic means through the Court's Case Management/Electronic Case File system on the date set forth below.

In addition, I served the foregoing on the parties indicated as "Non-ECF" on the attached List of Interested Parties by mailing a copy thereof in a sealed, first-class postage prepaid envelope, addressed to each party's last-known address and depositing in the U.S. mail at Portland, Oregon on the date set forth below.

DATED: April 24, 2012.

TONKON TORP LLP

By /s/ Albert N. Kennedy

Albert N. Kennedy, OSB No. 821429

Michael W. Fletcher, OSB No. 010448

Of Attorneys for Debtor

LIST OF INTERESTED PARTIES

In re HemCon Medical Technologies, Inc.
U.S. Bankruptcy Court Case No. 12-32652-elp11

ECF PARTICIPANTS

- MICHAEL W FLETCHER michael.fletcher@tonkon.com, tammy.brown@tonkon.com
- SUSAN S FORD susanf@sussmanshank.com, ecf.susan.ford@sussmanshank.com
- BRAD A GOERGEN bgoergen@grahamdunn.com, dpurdy@grahamdunn.com
- ALBERT N KENNEDY al.kennedy@tonkon.com, leslie.hurd@tonkon.com;andy.haro@tonkon.com
- MARK D NORTHRUP mnorthrup@grahamdunn.com,
dpurdy@grahamdunn.com;dhancock@grahamdunn.com;kfielder@grahamdunn.com
- US Trustee, Portland USTPRegion18.PL.ECF@usdoj.gov
- MARGARET E WETHERALD dmarshall@kellerrohrback.com

NON-ECF PARTICIPANTS

SECURED CREDITORS:

Bank of America
Attn: Janet Sleeper, SVP
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janet.sleeper@bankofamerica.com

Silicon Valley Bank
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Irvine, CA 92618
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Bank of the West
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Walnut Creek, CA 94597
Telephone: 925-975-3928
christiana.creekpaum@bankofthe
west.com

Bank of America
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**COMMITTEE OF UNSECURED
CREDITORS**

Marine Polymer
Technologies, Inc.,
Hemcom UCC Chair
c/o Sergio Finkielstein, CEO
107 Water Street
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Puget Sound Blood Center
c/o Robert J. Gleason, CFO
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Cardinal Health 200, LLC
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